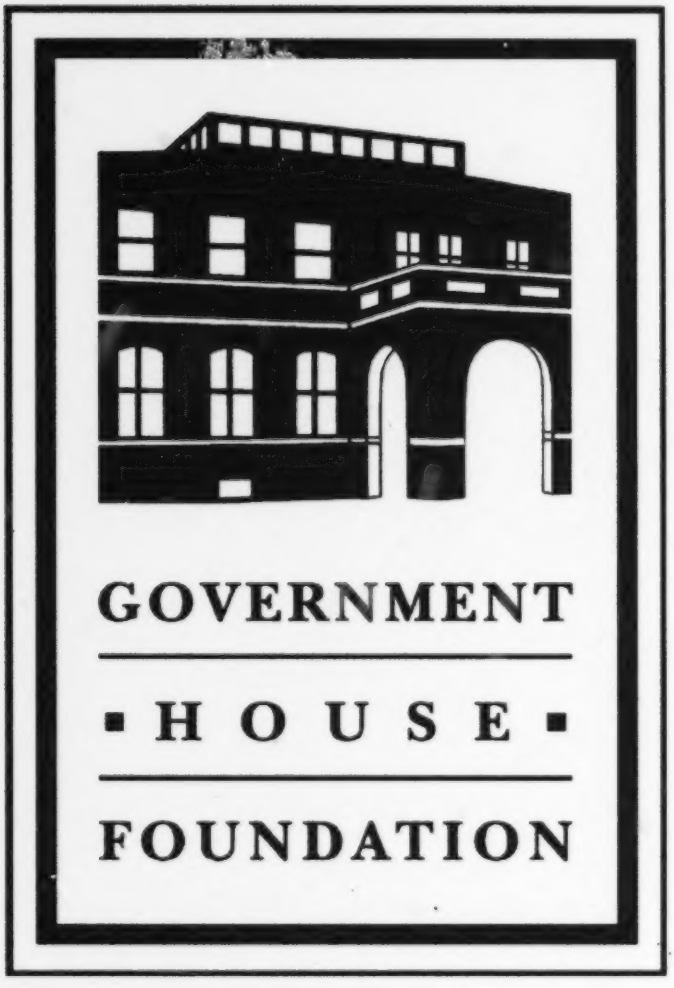


ANNUAL REPORT

2005-2006

Letters of Transmittal

To Her Honour
The Honourable Dr. Lynda M. Haverstock
Lieutenant Governor of the Province of Saskatchewan
Government House
4607 Dewdney Avenue
Regina SK S4P 3V7

Your Honour:

It is my privilege to submit the Annual Report of The Government House Foundation for the period ending March 31, 2006.

Saskatchewan's centennial year in 2005 was celebrated in grand fashion. One of the many momentous occasions celebrated was the official opening of the new Queen Elizabeth II Wing of Government House by Her Majesty The Queen on May 20th, 2005. I am also pleased to report that another phase of the Government House Heritage Property Centennial Project, the construction of the new J.E.N. Wiebe Interpretive Centre, was completed this year. Both new developments have proven very popular with schoolchildren, tourists and local citizens who have visited the Government House Museum and Heritage Property.

Respectfully submitted,

Glenn Hagel
Minister in Charge

To The Honourable Glenn Hagel
Provincial Secretary of Saskatchewan
Room 345
Legislative Building
Regina SK S4S 0B3

Dear Minister:

It is my pleasure to submit the Annual Report of The Government House Foundation for the period ending March 31, 2006.

The Government House Foundation Board of Trustees concluded its capital campaign for the Government House Heritage Property Centennial Project after receiving sufficient donations to supplement provincial and federal funding for the completion of the new Queen Elizabeth II Wing and the J.E.N. Wiebe Interpretive Centre. The Foundation will now focus on the collection of outstanding pledges received during the campaign which will be used to fund future projects to preserve and enhance the Government House Museum and Heritage Property.

Respectfully submitted,

Charles K. Enright
Chairperson, Board of Trustees

Introduction

The Government House Foundation was established by regulation, under the authority of *The Historic Properties Foundation Act,* on August 15, 2001. The site in the City of Regina commonly known as Government House was designated as a National Historic Site in 1968 and as a Provincial Heritage Property on August 26, 1981 and is the historic property for which the foundation was established.

Our National Treasure

Government House is truly a Canadian treasure! Built in 1891, this elegant mansion served as the residence of the Lieutenant Governors of the Northwest Territories, a vast area of 2.5 million square miles, the size of Western Europe. All of present day Alberta, Saskatchewan, a large portion of Manitoba, northern Ontario and northern Quebec, the Northwest Territories, Nunavut and Yukon, were governed from Regina.

Our Goal

The Government House Foundation's primary goal is to preserve and enhance the Government House Heritage Property as well as to promote public awareness of the historical, educational and cultural value of the property.

Our Objective

Government House Heritage Property is an educational and historical resource for *all* of Canada. The Government House Heritage Property Centennial Project is an exciting new development of Government House and the surrounding grounds. The expansion and enhancement of this national historic site leaves a legacy that will proudly symbolize our province's centennial and will be utilized by thousands of schoolchildren and tourists for generations to come.

To complete this major Centennial Project the Government House Foundation set a goal to raise $3 million from private sector donors. The $3 million goal had two components. The first and primary goal was to raise $2.5 million less campaign expenses to supplement the $4.4 million requested from the governments of Saskatchewan and Canada for financing construction costs of the Centennial Project. The second component of the $3 million goal was to fund an endowment of $500,000 to subsidize travel costs of schoolchildren and enable them to visit Government House and other landmarks in the provincial capital.

Our Focus

For the 2005-06 year, our Board of Trustees approached or re-approached a limited number of potential donors who had previously not made a commitment to the project. Upon reaching the initial campaign goal and ensuring that sufficient pledges and donations were obtained to finance the construction costs of Phase I, the new Queen Elizabeth II Wing of Government House, and Phase II, the J.E.N. Wiebe Interpretive Centre, the Board of Trustees ceased their active campaign.

Our Action Plan

The Government House Foundation Board of Trustees, a group of well-known, highly-respected individuals from across Canada along with local volunteers, utilized their personal connections with potential donors to encourage support of this major Saskatchewan Centennial Project. During 2005-06, trustees and volunteers followed up with any outstanding requests they had made of prominent individuals, families and businesses with a strong past or current connection to Saskatchewan. Upon cessation of the fundraising campaign, the Foundation will concentrate on collecting outstanding pledges received during the campaign.

2005-06 Campaign Highlights

In the final days of active campaigning, the Board of Trustees were elated to receive several major pledges which ensured the success of the campaign. The major donors were:

The Seaman Family, Calgary	-	$50,000
PCL Construction Ltd.	-	$50,000
BMO Financial Group	-	$50,000
Charles and Doris Knight	-	$50,000 (increasing total donation to $100,000)

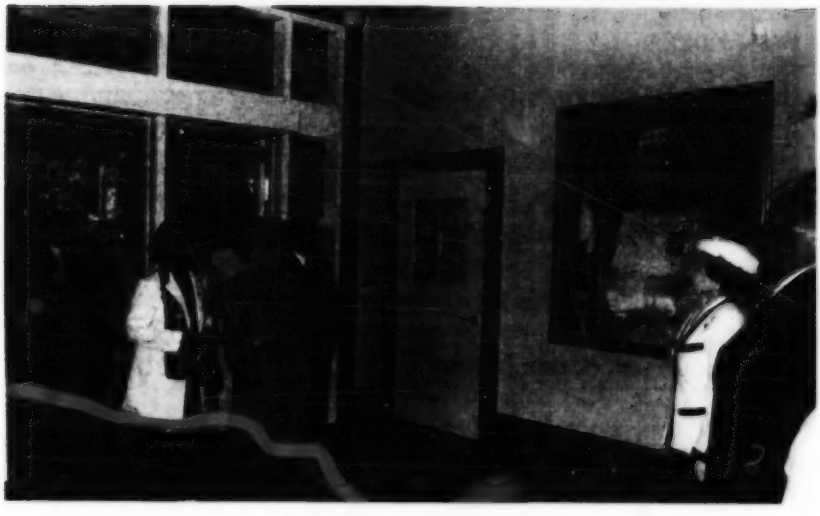
Key risk factors

One significant feature of the Foundation's campaign was the provision to allow instalment payments on major pledges. This option allowed donors, who support many other worthy causes, the ability to stagger the financing of their major commitment over a number of years. The key risk factor for the Foundation is the non-collection of outstanding pledges. In consideration of the prominent individuals and companies who have pledged funds, the risk of non-collection is considered minimal.

How are we doing?

As of March 31, 2006, the Government House Foundation received pledges and donations totalling over $2.4 million. This total, when combined with commitments from the provincial and federal governments, was sufficient to guarantee financing of the construction costs for Phase I and Phase II of the Government House Heritage Property Centennial Project.

On May 20, 2005, the Board of Trustees were delighted to see the results of their fundraising effort when Her Majesty The Queen officially opened the new Queen Elizabeth II Wing, named in her honour.



Official opening May 20, 2005

The new award-winning J.E.N. Wiebe Interpretive Centre was opened to the public in the fall of 2005 and has proven to be a very popular feature of the Government House Museum and Heritage Property.

J.E.N. Wiebe Interpretive Centre

Visitors to Government House have commented on the beauty and elegance of the new addition. This was confirmed with the 2005 Municipal Heritage Award for New Design – Sensitive Addition presented by the City of Regina to the project partners – Government Relations, Saskatchewan Property Management, Saunders Evans Architects Inc., and Graham Construction and Engineering Inc.

Queen Elizabeth II Wing

Government House Foundation - Campaign Summary to Date

For fiscal year ended:	Amount Pledged in Year	Campaign Expenses	Net Amount Available for Construction
2002-03	$ 319,300	$ 111,894	
2003-04	1,478,934	133,600	
2004-05	414,633	89,069	
2005-06	215,774	51,517	
Total Campaign to Date:	**$ 2,428,641**	**$ 386,080**	**$ 2,042,561**

Donor Recognition

Donors are instrumental to the success of any fundraising campaign. In addition to the 2004-05 Government House Foundation Annual Report which published a list of our major donors we wish to recognize the following:

Leading Pioneers - Donations of $100,000

Sylvia Fedoruk Conservatory sponsored by: ***Drs. Morris and Jacqui Shumiatcher***

Amédée Forget Museum sponsored by: ***Charles and Doris Knight and Family***

Historic Pioneers - Donation of $50,000

BMO Financial Group

Building Pioneers - Donation of $10,000 - $49,999

CIBC	RICHARDSON'S LIGHTING
CONEXUS CREDIT UNION	SASK LIQUOR & GAMING AUTHORITY
N. MURRAY EDWARDS	SCOTIABANK
GEORGE FINK	JOAN C. SNYDER
THE MCCLEMENT FAMILY	GEORGE SOLOMON FAMILY
B. ROSS GILES, FCA	WAYNE STEADMAN
RON & JANE GRAHAM	KEN STEPHENSON
HAZELAAR FAMILY	SUN ELECTRIC (1975) LTD.
PETRO-CANADA	WILLIAM A. TAYLOR
ERNIE & RIKKI RICHARDSON	ALLAN & SHIRLEY TAYLOR

Our Future Plans

The Government House Foundation has concluded its campaign and will now focus on the collection of outstanding pledges.

Board of Trustees

The Government House Foundation Board is responsible for the administration of the Foundation. Trustees of the Foundation are appointed by the Lieutenant Governor in Council. The trustees represent business and community interests from across Canada, signifying the national importance of the Government House Heritage Property. As of March 31, 2006, the Board of Trustees was comprised of the following members:

Foundation Board of Trustees

Chairperson
Charles H. Knight, Regina, CEO, Denro Group of Companies

Trustees
Senator A. Raynell Andreychuk, Regina and Ottawa
Dr. Gordon Barnhart, Saskatoon, University Secretary, University of Saskatchewan
Dr. G. Harvey Brooks, Regina, Deputy Provincial Secretary Province of Saskatchewan
Dean Burns, Calgary, Director, Legal Affairs, Boardwalk Rental Communities
G. W. (Scotty) Cameron, C.M., Calgary
Bruce Cowie, Calgary, Vice President, Harvard Broadcasting Inc.
W. Brent Cotter, Q.C., Saskatoon, Dean of Law, University of Saskatchewan
Paul J. Hill, Regina, President, Harvard Developments Inc.
F. William Johnson, Q.C., Regina, Gerrand Rath Johnson, Barristers & Solicitors
Linda Lawrence, Edmonton
Amber MacLeod, Regina
Peggy McKercher, C.M., S.O.M., Saskatoon
Honourable Jack Wiebe, Swift Current

Honorary Trustees
Hon. Sylvia O. Fedoruk, O.C. S.O.M., Saskatoon
Sheila Carson, Regina, President, Government House Historical Society
Dr. Jacqui Shumiatcher, S.O.M., Regina
Pamela Wallin, S.O.M., Canadian Consul General in New York

Government Liaison & Secretary of the Board
Michael Jackson, C.V.O., C.D., Executive Director, Protocol, Honours & Government House

Foundation Co-ordinator
Irma Molnar, CMA

Where to Obtain Additional Information

For further information about the Government House Foundation or to make a donation please contact us:

Telephone: (306) 586-2244
E-mail: ghf@sasktel.net

Mailing address
Government House Foundation
4607 Dewdney Avenue
Regina SK S4T 1B7

Management's Responsibility for Financial Statements

The management of the Government House Foundation is responsible for the preparation and presentation of the financial statements. These statements have been prepared in accordance with generally accepted accounting principles in Canada, consistently applied using management's best estimates and judgements where appropriate. Management is responsible for the reliability and integrity of the Financial Statements and other information in this Annual Report.

Management maintains a system of internal controls to ensure the integrity of information that forms the basis of the Financial Statements. The internal controls provide reasonable assurance that transactions are executed in accordance with proper authorization that assets are properly guarded against unauthorized use and the reliable records are maintained.

The Provincial Auditor has audited the Financial Statements. His report to the Members of the Legislative Assembly, stating the scope of his examination and opinion on the Financial Statements, appears within this report.

On behalf of Management:

Charles H. Knight
Chairperson

Irma M. Molnar
Coordinator

GOVERNMENT HOUSE FOUNDATION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
MARCH 31, 2006

Provincial Auditor Saskatchewan

1500 Chateau Tower
1920 Broad Street
Regina, Saskatchewan
S4P 3V2

SASKATCHEWAN

Phone: (306) 787-6398
Fax: (306) 787-6383
Web site: www.auditor.sk.ca
Internet e-mail: info@auditor.sk.ca

AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Government House Foundation as at March 31, 2006 and the statements of operations and changes in net assets and of cash flows for the year then ended. The Foundation's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 26, 2006

Fred Wendel, CMA, CA
Provincial Auditor

GOVERNMENT HOUSE FOUNDATION **Statement 1**
STATEMENT OF FINANCIAL POSITION
As at March 31, 2006

	2006	2005
ASSETS		
Current Assets:		
Cash due from General Revenue Fund (note 3)	$ 337,972	$ 1,932,495
Interest receivable	6,244	10,457
Accounts receivable	7,430	8,363
Pledges receivable (note 4 and 8)	142,250	465,600
	$ 493,896	$ 2,416,915
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable (note 5)	$ 18,773	$ 1,637,641
Deferred revenue (note 6)	30,000	-
	48,773	1,637,641
Net assets (Statement 2)	445,123	779,274
	$ 493,896	$ 2,416,915

(See accompanying notes to the financial statements)

GOVERNMENT HOUSE FOUNDATION **Statement 2**

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

For the year ended March 31, 2006

	Annual Budget	2006	2005
Revenue:			
Donations	$ 252,000	$ 290,549	$ 813,212
Grant - Centenary Fund (note 7)	-	-	700,000
Interest and miscellaneous	1,000	20,626	34,410
	253,000	311,175	1,547,622
Expenses:			
Advertising and donor recognition	34,500	24,490	7,718
Amortization	-	-	840
Casual labour and consulting services	7,000	4,320	1,230
Meetings and travel	2,000	2,327	3,338
Office rent	-	-	5,903
Postage and courier	-	179	1,108
Printing	2,000	1,352	187
Registration fees and other	-	219	620
Salary and employee benefits	15,000	16,317	60,818
School campaign	2,000	-	915
Supplies	500	242	2,178
Telecommunications	1,500	1,561	3,354
Web site development and maintenance	500	510	860
	65,000	51,517	89,069
Excess of revenue over operating expenses	188,000	259,658	1,458,553
Contribution towards construction (Note 9)	586,000	579,952	1,623,752
Transfer of donations in kind (Note 10)	-	13,857	21,153
Excess of (expenses) over revenue	(398,000)	(334,151)	(186,352)
Net assets, beginning of year	600,000	779,274	965,626
Net assets, end of year - to Statement 1	$ 202,000	$ 445,123	$ 779,274

(See accompanying notes to the financial statements)

GOVERNMENT HOUSE FOUNDATION **Statement 3**
STATEMENT OF CASH FLOWS
For the year ended March 31, 2006

	2006	2005
Cash provided by (used in):		
Operating activities:		
Excess of (expenses) over revenue	$ (334,151)	$ (186,352)
Items not affecting cash from operations:		
Amortization of capital assets	-	840
Change in non-cash working capital:		
Decrease in receivables	328,496	28,312
(Decrease) increase in accounts payable	(1,618,868)	1,636,857
Increase (decrease) in deferred revenue	30,000	(803,728)
	(1,594,523)	675,929
Net (decrease) increase in cash	(1,594,523)	675,929
Cash, beginning of year	1,932,495	1,256,566
Cash, end of year	$ 337,972	$ 1,932,495
Cash consists of:		
Cash due from General Revenue Fund	$ 337,972	$ 1,932,495

(See accompanying notes to the financial statements)

GOVERNMENT HOUSE FOUNDATION
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2006

1. Authority

The Government House Foundation was established by regulation under the authority of *The Historic Properties Foundation Act*, on August 15, 2001. The site in the City of Regina commonly known as Government House was designated as a Provincial Heritage Property on August 26, 1981 and is the historic property for which the Foundation was established.

The primary mandate of the Government House Foundation is to solicit donations to help pay for the expansion and renovations to Government House.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies are considered significant:

a) Capital Assets

Purchased capital assets are recorded at cost with amortization recorded using the straight-line method over the estimated useful life of the assets as follows:

Computer Hardware	3 years
Computer Software	1 year

As of March 31, 2005, all of the Foundation's capital assets were fully amortized.

b) Donations and Pledges

Donations are recorded as revenue in the fiscal period in which they are received. Donations in kind which include computer equipment are recorded at fair market value on the date of their donation.

Pledges are recorded as revenue when written pledge documents are received by the Government House Foundation and there is a commitment to pay prior to the next year-end. The amount of outstanding pledges to be received subsequent to next fiscal year-end are disclosed separately in Note 8 of these financial statements.

c) Revenue Recognition

Restricted contributions are recognized as revenue in the year in which restrictions on the contributions have been met. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

d) Use of Estimates

The preparation of financial information requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

e) Fair Value

The Foundation's financial instruments include cash due from the General Revenue Fund, interest receivable, accounts receivable, accounts payable and deferred revenue. The carrying amount of these instruments approximates fair value due to their immediate or short-term maturity. These instruments have no interest or credit risk.

3. Cash due from General Revenue Fund

The Foundation's bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of Saskatchewan. The Foundation earns interest on a quarterly basis, calculated on the Government's thirty-day borrowing rate and the Foundation's average daily bank account balance. The Government's average thirty-day borrowing rate for the year was 2.82% (2005 – 2.19%).

4. Pledges Receivable

The amount of pledges receivable stated below has been recorded as revenue in the current fiscal year. A pledge is considered receivable when a written pledge document is received by the Government House Foundation and there is a commitment to pay prior to the next fiscal year-end.

	2006	2005
Current	$ 143,250	$ 467,600
Less: allowance for uncollectible pledges	(1,000)	(2,000)
	$ 142,250	$ 465,600

5. Accounts Payable

Accounts payable is comprised primarily of a request for payment in the amount of $18,644 by Saskatchewan Property Management (SPM) to the Government House Foundation for grants and donations received by the Foundation for construction costs relating to the Government House Heritage Property Centennial Project.

6. Deferred Revenue

Deferred revenue of $30,000 represents funds donated by Cameco Corporation for the development of a Government House Cameco school program.

7. Grant – Centenary Fund

In 2005, a $700,000 grant previously transferred from the Government of Saskatchewan – General Revenue Fund (Centenary Fund) was recognized as revenue and expended on the Government House Heritage Property Centennial Project.

8. Outstanding Pledges

The Foundation has received signed pledge documents from donors with commitments to pay the Foundation the following amounts in the years listed. These pledges will be recorded as receivable and as revenue in future years.

	2006	2005
Outstanding Pledges		
2007	$ -	$ 154,200
2008	87,000	67,000
2009	50,000	40,000
2010	30,000	20,000
	$ 167,000	$ 281,200

9. Contribution towards Construction

Upon the request of Saskatchewan Property Management (SPM) and upon the approval by the Board of Trustees of the Government House Foundation, the Foundation shall remit to SPM any such donations that are collected, to be applied by SPM against the actual cost of delivering the Government House Heritage Property Centennial Project. As of March 31, 2006 requests for payments have amounted to $2,203,704 and further requests will be forthcoming as construction costs for the Centennial Project are incurred in subsequent fiscal years.

10. Transfer of Donations In Kind

During the year, the Foundation completed the development of an interactive computer kiosk for the Government House Heritage Property Centennial Project. Costs relating to the development of the computer kiosk of $13,857 were transferred to the Government House Heritage Property for their utilization.

11. Related Party Transactions

These financial statements include transactions with related parties. The Foundation is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Foundation is related to non-Crown enterprises that the Government jointly controls or significantly influences, as well as trustees and their corporations over which they have significant control.

Routine operating transactions with related parties are recorded at the rates charged by those organizations and are settled on normal trade terms. In addition, the Foundation pays Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

The Foundation has not been charged with any administrative costs associated with the provision of administrative services provided by the Department of Government Relations and no provision for such costs is reflected in these financial statements. These costs are borne by the Department.

Included in donation revenue is the amount of $110,000 (2005 - $397,000) and outstanding pledges of $75,000 (2005 - $125,000) from related parties and Saskatchewan Crown agencies.

Other transactions with related parties and amounts due to/from are described separately in the financial statements and notes thereto.

GOVERNMENT HOUSE FOUNDATION
SUPPLEMENTARY FINANCIAL INFORMATION
(unaudited)
For the year ended March 31, 2006

Personal Services

Listed are individuals who received payments for salaries, wages, honorariums, etc, which total $50,000 or more.

All payees under $50,000	$ 20,636

Supplier Payments

Listed are payees who received $50,000 or more for the provision of goods and services, including office supplies, communications, contracts, equipment, travel and meetings.

All payees under $50,000	$ 44,737

Contribution towards Construction

Listed are payees who received $50,000 or more for costs relating to the construction of the Government House Heritage Property Centennial Project.

Saskatchewan Property Management Corporation	$ 579,952